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BRAND LOYALTY AS A PHENOMENON OF CUSTOMER'S BEHAVIOR: THE THEORETICAL ASPECT

УДК 36

Brand loyalty is a key issue for marketing managers, and companies regard it as one of its final objectives which strive to achieve it. This interest in brand loyalty is reflected in the academic literature. Therefore, this article examines some of academic literature and introduces a general review of the main points on brand loyalty.

Key words: Brand loyalty, Behavioral loyalty, Attitudinal loyalty.

Loyalty, traditionally was used to describe fidelity and enthusiastic devotion to a country, a cause or an individual. More recently, it has been used in a business context to describe a customer's willingness to continue patronizing a firm over the long term, preferably on an exclusive basis, and recommending the firm's product to friends and associates [Kumari Neetu,

Patyal Sandeep, p. 116]. Indeed, building and maintaining brand loyalty are one of the central themes of research for marketers for a very long time and companies spend millions of dollars each year tracking brand loyalty levels through market research organizations [Irem Eren Erdo mu, Mesut Çiçek, p. 1354]. In fact, loyalty is one of the most-defined words in marketing lexicon. It is interpreted in various ways and often by various researchers having very different definitions [Taghipourian Mohammad, Bakhsh Mahsa, p. 48]. Oliver (1999) defined loyalty as “*A deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing despite situational influences and marketing efforts having the potential to cause switching behavior*” [Sinarwaty et al, p.16]. Whereas American Marketing Association (AMA) defined brand loyalty as "a state of affairs where a customer generally purchase the manufacturer originated product or service on repeated basis over a time span rather than purchasing the same products or services from different suppliers" [Fazal Ossama, Kanwal, p. 181]. Within this context, there are two similar concepts, customer loyalty and brand loyalty. Both of them are very important and very closely linked but they are not the same. The main difference between them is that customer loyalty is mostly linked to how much they have to spend and what is available to them in terms of good prices, offers and savings. Brand loyalty, on the other hand, has very little to do with prices or savings, but is more about how a brand is perceived by the consumer – through marketing campaigns, its reputation and their previous experiences with the brand [Brand loyalty versus customer loyalty].

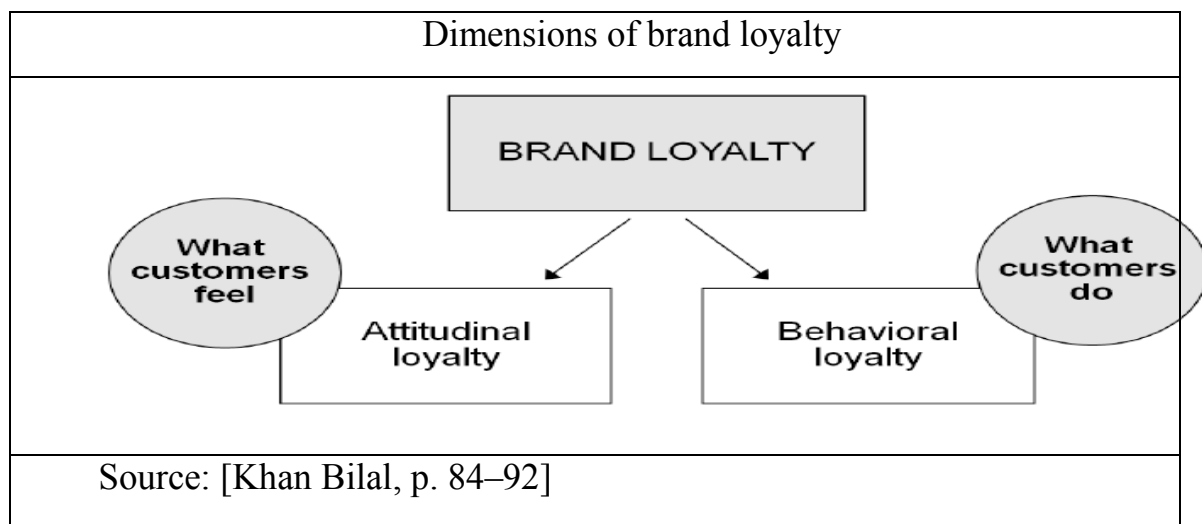
THE ERAS OF BRAND LOYALTY: According to Bennett and Rundle-Thiele (2005), there are 5 eras of brand loyalty as following:

1. The birth of brand loyalty (1870–1914): In the first era of loyalty the level of product quality varied widely, and a brand made the product clearly identifiable. Consumers became more loyal to brands, because they reduced risk and effort.

2. The golden era of brand loyalty (1915–1929): During this era, customers were ‘grateful for the improved quality’ brands offered and retailers were enthusiastic about the increased sales resulting from brands. As consumers were able to access the brands more widely, familiarity with the brands increased; so too did consumer brand loyalty.
3. The latent brand loyalty (1930–1945): At that time, consumers had high levels of brand preference, but were not able to actually buy the brand because of the consequences of the depression in 1929 and World War II.
4. The birth of multi-brand loyalty era (1946–1970): During this period there was an explosion in new products and discount retailers emerged changing distribution with a focus on price competition for brands, with many introducing private brands. A common feature in many markets during this era was that customers were polygamous. That is, customers buy a number of brands, not one brand.
5. The declining loyalty era (1971–present): In this era products quality is high, differentiation is generally low, and consumers are increasingly price sensitive. The array of brands facing customers is increasing. Thus, they have bought several brands [Bennett, Rundle-Thiele, p. 250–253].

The importance of brand loyalty. Generally, the importance of brand loyalty is demonstrated by the benefits which offers by it, here are some of them: Brand loyalty leads to market share growth and the willingness in consumers to pay more for the selected brand relative to others, perceived high product or service quality, allowing to increase marketing communication effectiveness, giving opportunities for brand extensions. Intermediaries’ cooperation and support and building brand equity [Nyanga Memory, p. 10], regarded as an essential feature of brand value, cut down costs, less sensitive to price, bring in new potential faithful consumers, benefit in global marketplace [Mao, p. 214], bulwark against deleterious price competition, giving the Company time to respond to competitor innovations, a loyal customer base represents barrier to entry the competitors [Aaker, p. 105–106].

Dimensions of brand loyalty. Given the importance of the concept of brand loyalty and the difficulty of studying it as a single block, the researchers sought to classify loyalty into several dimensions [Nyanga Memory, p. 10]. In fact, Day (1969) was among the earliest researchers who proposed a two- dimensional concept of loyalty. A two-dimensional notion states that loyalty must be assessed according to behavioral and attitudinal criteria [Taghipourian Mohammad, Bakhsh Mahsa, p. 49]



Behavioral loyalty: The majority of early loyalty studies took a behavioral approach, and interpreted loyalty as synonymous with repeat purchase [Li, Petrick, p. 70]. Behavioral loyalty is defined as the customer’s intention to repurchase and patronize the product or services [Kumari Neetu, Patyal Sandeep, p. 116]. It is the attitude of brand loyalty which is mainly concerned with the measures of repeated purchasing behavior, percentage of purchases and rate of recurrence of purchases [Fazal Ossama, Kanwal, p. 183]. A major criticism of the behavioral loyalty approach is that it fails to distinguish customers making purchase decisions because of genuine brand preference, from those who purchase solely for convenience or cost reasons. In other words, underlying customers’ repeat brand purchase may be inertia (i.e., repeat brand purchases for the sake of saving time and energy) [Li, Petrick, p. 69]. This type

of loyalty does not make any difference between brand loyalty and repeated purchases, so it might include forged loyalty [Fazal Ossama, Kanwal, p. 183]. If the behavioral aspect of loyalty seems clear – loyalty is the repeated purchasing of the same brand – the attitudinal component remains relatively vague [Kang, P. 2]. Thus, several researchers have argued that the loyalty phenomenon cannot be adequately understood without measuring individuals' attitude toward a brand [Li, Petrick, p. 70].

Attitudinal Loyalty is a psychological attachment to a company or selected brand which is often in the form of a long-term and ongoing relationship with the brand [Taghipourian Mohammad, Bakhsh Mahsa, p. 49]. It is about the customers who have positive feeling about product and service they use and attempt to influence other to use it by recommending to others [Kumari Neetu, Patyal Sandeep, p. 116]. Attitudinal loyalty can be used as an independent and effective construct to build a customer base as well as a complementary component in understanding an aggregate loyalty concept. The brand's loyal core is not just its behaviorally high loyal customers but those who are behaviorally plus attitudinally high loyal [Kang]. Amine (1998) mentioned that while repeat purchases of a brand over time is an expression of customer loyalty, it is incomplete unless complemented with a positive attitude towards the brand. The positive attitude towards the brand ensures that previous purchase behavior will continue [Subir K. Bandyopadhyay, p. 9]. A major criticism of the attitudinal loyalty approach is that it lacks power in predicting actual purchase behavior. [Li, Petrick, p. 70]

Relative attitude–behavior relationship proposed a framework to cover 4 stages of loyalty. The four loyalty stages can be summarized as follows: [Dick, Basu, p. 101; Rai Alok, Srivastava Medha, p.51].

		Repeat Patronage	
		High	Low
Relative attitude	High	Loyalty	Latent loyalty
	Low	Spurious Loyalty	No Loyalty

- No loyalty: It may indicate a recent brand introduction or inability of brand to communicate its distinct advantages. The brand is new to the market and hence 'Repeat patronage behavior' is also low. Low 'Relative attitude' can also indicate the dynamics of market place in such a way that most of the competing brands in the market are similar. In this case, customers are not loyal to the brand. It is the most undesirable situation for any brand.
- Spurious loyalty: The consumer here perceives little differentiation among brands. Repeat patronage behavior in this case may arise due to social influence. For example, a seller may receive number of orders from various buyers only because of interpersonal relationships between buyer and seller. It is the false indication of loyalty.
- Latent loyalty: In this case an individual may have a high 'Relative attitude' with a low 'repeat patronage' towards a particular brand at the same time. This condition is mainly influenced by social norms and situational factors rather than relative attitude of an individual.
- Loyalty: It is the desired situation. This type includes a high 'Relative attitude' with a strong 'Repeat patronage behavior' that causes customers to be loyal with the brand.

Phases of loyalty development. Loyalty development had been categorized into four sequential phases by Oliver (1999) [Oliver, p.12–36, 50].

1. Cognitive loyalty: In the first loyalty phase, the brand attribute information available to the consumer indicates that one brand is preferable to its alternatives. Cognition can be based on prior or vicarious knowledge or on recent experience-based information. Loyalty at this phase is directed toward the brand because of this information. However, loyalty here is of a shallow nature, but if satisfaction is processed, it becomes part of the consumer's experience and begins to take on affective overtones.
2. Affective loyalty. At the second phase of loyalty development, a liking or attitude toward the brand has developed on the basis of cumulatively satisfying usage occasions. This reflects the pleasure dimension of the satisfaction definition pleasurable fulfillment. However, this form of loyalty remains subject to switching.
3. Conative loyalty. The next phase of loyalty development is the conative (behavioral intention) stage. It is a loyalty state that contains what, at first, appears to be the deeply held commitment to buy noted in the loyalty definition. However, this commitment is to the intention to rebuy the brand and is more akin to motivation. In effect, the consumer desires to repurchase, but similar to any "good intention," this desire may be an anticipated but unrealized action.
4. Action loyalty: The motivated intention in the previous loyalty state is transformed into readiness to act. These strong motivations ultimately lead to actions directed by the 'need to remove' every possible problem that might hinder the loyalty driven decision of purchasing a specific brand.

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